

PARKSON HOLDINGS BERHAD
Registration No. 198201009470 (89194-P)
(Incorporated in Malaysia)

Minutes of the 38th Annual General Meeting of the Company (“38th AGM”) held virtually through Securities Services e-Portal at <https://sshb.net.my/> from the Broadcast Venue, Meeting Hall, Level 16, Lion Office Tower, No. 1 Jalan Nagasari, 50200 Kuala Lumpur, Wilayah Persekutuan on 25 May 2022 at 10.30 am.

PRESENT

BOARD OF DIRECTORS : Y. Bhg. Tan Sri Cheng Heng Jem (Chairman/Managing Director)
Ms Cheng Hui Yen, Natalie (Executive Director)
Cik Zainab binti Dato’ Hj. Mohamed (via remote participation)
Mr Liew Jee Min @ Chong Jee Min

MEMBERS, CORPORATE REPRESENTATIVES AND PROXIES : As per Attendees Record
(collectively, the “Shareholders”)

INVITEES : Representatives of Messrs Grant Thornton Malaysia PLT,
the External Auditors
- Mr Lian Tian Kwee
- Ms Chan Loo Pei
- Ms Ang Jia Yee

IN ATTENDANCE : Ms Lim Kwee Peng (Secretary)

ABSENT WITH APOLOGIES : Mr Ooi Kim Lai (Director)

1. OPENING

At the outset, the Chairman welcomed all to the Meeting and proceeded to introduce the Board members, the Secretary and the External Auditors who were present at the Broadcast Venue together with essential management team, and Cik Zainab binti Dato’ Hj. Mohamed who participated in the Meeting remotely.

The Chairman then informed that Mr Ooi Kim Lai was not able to attend the Meeting due to the recent demise of his mother.

The Chairman further informed that no photography, screenshot, or any form of audio or video recording was allowed of the Meeting.

2. QUORUM

The Chairman informed that he had been advised that more than 75 attendees had logged in to the Securities Services e-Portal and there being a quorum present, the Chairman duly called the Meeting to order.

3. NOTICE OF MEETING

The Chairman explained that the Notice convening the Meeting together with the Circular to Shareholders had been made available for download from the website of the Company since 26 April 2022 and as such, the Notice was taken as read.

4. PROCEEDINGS OF MEETING

Before proceeding with the items on the Agenda, the Chairman informed that in accordance with the Bursa Malaysia Securities Berhad (“Bursa Securities”) Main Market Listing Requirements and the Constitution of the Company, all 9 ordinary resolutions tabled at the Meeting would be voted upon by way of a poll.

The Chairman further informed that the Company had appointed SS E Solutions Sdn Bhd as the Poll Administrator to conduct the remote voting and polling process of the Meeting and the Independent Scrutineer appointed to verify the results of the poll was Commercial Quest Sdn Bhd.

The Chairman explained that the Question and Answer session (“Q&A Session”) to address questions submitted by Shareholders, would be conducted after going through all the Agenda items, and that the Board would endeavour to respond to all questions relevant to the Agenda items.

The step-by-step guide on the online voting within the e-Portal (“Online Voting Guide”) was presented to guide Shareholders on the online voting facility which had been accessible since the start of the Meeting.

5. AUDITED FINANCIAL STATEMENTS AND THE REPORTS OF THE DIRECTORS AND AUDITORS THEREON

The Chairman proceeded with the first item on the Agenda which was to receive the Audited Financial Statements of the Company for the 18-month financial period ended 31 December 2021 (“FPE 2021”) and the Reports of the Directors and Auditors thereon (“2021 AFS”).

The Chairman informed that the Company had changed its financial year end from 30 June to 31 December and hence, the financial statements of the Group and of the Company for the 18-month period were from 1 July 2020 to 31 December 2021.

The Chairman informed further that the 2021 AFS had been uploaded to the website of the Company on 26 April 2022 and explained that in accordance with the provisions of the Companies Act 2016, the 2021 AFS did not require Shareholders’ approval and therefore, would not be put to vote.

The Chairman then invited the Group Accountant to share information on the businesses of the Group and observations from the Minority Shareholders Watch Group on the Annual Report together with the Management’s response thereto set out herein as Annexure I (“Response”).

After the presentation of the businesses of the Group and the Response, the Chairman declared the 2021 AFS duly received.

The Chairman then proceeded to go through the remaining Agenda items.

6. DIRECTORS’ FEES

The second item on the Agenda was to approve the payment of Directors’ fees amounting to RM322,500 for the 18-month financial period ended 31 December 2021 which were pro-rated for 18 months based on the Directors’ fees for the previous 12-month financial year ended 30 June 2020.

7. DIRECTORS' BENEFITS

The third item on the Agenda was to approve the payment of Directors' benefits of up to RM93,000 which comprised Directors' meeting allowances, for the period commencing after the 38th AGM until the next annual general meeting of the Company.

8. RE-ELECTION OF DIRECTORS

The fourth item on the Agenda was to re-elect the following Directors who retired by rotation in accordance with Clause 110 of the Constitution of the Company and who being eligible, had offered themselves for re-election:

- (i) Cik Zainab binti Dato' Hj. Mohamed;
- (ii) Mr Liew Jee Min @ Chong Jee Min; and
- (iii) Mr Ooi Kim Lai.

9. RE-APPOINTMENT OF AUDITORS

The fifth item on the Agenda was to re-appoint the retiring Auditors, Messrs Grant Thornton Malaysia PLT, as Auditors of the Company to hold office until the conclusion of the next annual general meeting and that the Directors be authorised to fix their remuneration.

The Chairman informed that Messrs Grant Thornton Malaysia PLT had expressed their willingness to be re-appointed Auditors of the Company.

10. SPECIAL BUSINESS

The Chairman informed that there were 3 Ordinary Resolutions tabled as Special Business.

10.1 Retention of Independent Non-Executive Director

The first Ordinary Resolution was to consider the retention of Cik Zainab binti Dato' Hj. Mohamed who had served as an independent non-executive Director of the Company for a cumulative period of more than 9 years, as an independent non-executive Director of the Company.

10.2 Authority to Directors to Issue and Allot Shares

The second Ordinary Resolution was to authorise the Directors to issue and allot up to 10% of the total number of issued shares of the Company pursuant to Sections 75 and 76 of the Companies Act 2016.

10.3 Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions

The third Ordinary Resolution was to consider the proposed renewal of shareholders' mandate for recurrent related party transactions of a revenue or trading nature.

11. OTHER BUSINESS

The Chairman informed that he was advised that the Company had not received any notice of other business to be transacted at the Meeting.

12. QUESTION AND ANSWER SESSION

The Chairman handed over the Chair to Ms Cheng Hui Yen, Natalie, the Executive Director, to address questions posted at the Meeting via real time submission.

Ms Natalie Cheng took the Chair for the proceedings of the Q&A Session to address questions received from Shareholders in relation to the following areas of observation:

- (i) costly litigations involving certain subsidiaries in Vietnam, Indonesia and Cambodia and steps taken to mitigate such risks in the future;
- (ii) future expansion plans for operations in Indonesia and Vietnam being ASEAN countries with huge population and growing middle class;
- (iii) the Group's operations including the impact of lockdowns in Shanghai and Beijing due to resurgence of new variants of coronavirus on Parkson China's businesses; finances including dividend policy, cash flow management, profitability and going concern of the Group; prospects; and major initiatives or strategies being planned and implemented; and
- (iv) whether the Company was an affected listed issuer pursuant to Practice 17 of the Bursa Securities Main Market Listing Requirements ("PN17").

The aforementioned areas of observation were addressed by Ms Natalie Cheng as follows:

- (i) The Group was continuing its negotiations with the landlords and the creditors or suppliers to restructure payment plans by instalments, where appropriate, in order to circumvent any risks of costly litigations.
- (ii) The Group had ceased its operations and exited the Indonesian market completely since May 2021. While the Group would continue to strive in improving the performance of its retailing operations in Vietnam, it had not commenced operations in Cambodia.
- (iii) About 20% of the Group's stores in China were affected by the resurgence of COVID-19 pandemic. Nevertheless, Parkson China's operations which was a major contributor to the Group's revenue still reported an operating profit. Hence, the Group remained positive on its overall business in China and would continue (a) to take measures to improve the operations including working towards improving labour productivity; and (b) to source for viable locations for new stores opening.

The Company did not have a dividend policy and cash flow was being managed prudently to ensure sufficient cash flow. The Board together with Management strongly believed that the Group could continue as a going concern and remained positive of its overall operations. The Group continued to take various measures including closing of non-profitable operations, optimising operating efficiencies, implementing cost control measures, and establishing online and offline sales channels to increase sales. The Group's retailing operations in Malaysia and its consumer financing business under *Parkson Credit* were expected to contribute positively to the Group.

- (iv) The Company had on 13 April 2022, announced that it was not an affected listed issuer pursuant to PN17.

On the request for the External Auditors to brief on matters arising from their audit of the 2021 AFS, Mr Lian representing the External Auditors explained that as set out in their independent auditors' report to the Shareholders, they had:

- (i) issued a qualified audit opinion in respect of the deconsolidation of PT Tozy Sentosa, a subsidiary of the Company in Indonesia which the Group had ceased to have control and was under bankruptcy proceedings;
- (ii) included a paragraph pertaining to material uncertainty related to going concern on the Group ("MUGC") as the Group reported a net loss for the FPE 2021 and as of 31 December 2021, the Group's current liabilities exceeded its current assets which indicated the existence of a material uncertainty that might cast significant doubt on the Group's ability to continue as a going concern. The Group's ability to continue as going concern was dependent on attaining future profitable operations and conditions as outlined in Note 2.1 to the 2021 AFS and the External Auditors' opinion was not modified in respect of the MUGC; and
- (iii) set out the key audit matters that were of most significance in their audit of the 2021 AFS which included revenue recognition; impairment of property, plant and equipment and right-of-use assets; impairment of goodwill; and impairment assessment of interests in subsidiaries (parent company only).

After having addressed all relevant questions, Ms Natalie Cheng passed the Chair back to the Chairman.

13. POLLING PROCESS

The Chairman reminded Shareholders who had not voted to cast their votes in respect of all the 9 ordinary resolutions tabled at the Meeting and proceeded to share again the Online Voting Guide.

For proper and orderly conduct of the poll, the Chairman allocated another 10 minutes for Shareholders to cast their votes after which, voting was closed for the Independent Scrutineer to verify the poll results.

14. DECLARATION OF POLL RESULTS

- 14.1** At 11.28 am, the Chairman welcomed all back to the Meeting and called the Meeting to order for the announcement of the poll results. The Chairman informed that he had received the poll results for all the 9 Ordinary Resolutions as follows which had been confirmed and verified by the Independent Scrutineer, and displayed on the screen for information of the Shareholders:

Resolutions	Vote in favour		Vote Against	
	No. of Shares	%	No. of Shares	%
Resolution 1 To approve Directors' fees	662,290,735	99.8700	862,279	0.1300
Resolution 2 To approve Directors' benefits	661,977,127	99.8227	1,175,856	0.1773
Resolution 3 To re-elect Cik Zainab binti Dato' Hj. Mohamed as Director	661,967,699	99.8669	882,176	0.1331

Resolutions	Vote in favour		Vote Against	
	No. of Shares	%	No. of Shares	%
Resolution 4 To re-elect Mr Liew Jee Min @ Chong Jee Min as Director	661,985,330	99.8696	864,545	0.1304
Resolution 5 To re-elect Mr Ooi Kim Lai as Director	661,856,667	99.8502	993,208	0.1498
Resolution 6 To re-appoint Messrs Grant Thornton Malaysia PLT as Auditors	662,520,067	99.9048	631,249	0.0952
Resolution 7 To retain Cik Zainab binti Dato' Hj. Mohamed as an independent non-executive Director	661,914,733	99.8589	935,142	0.1411
Resolution 8 Authority to Directors to Issue and Allot Shares	661,961,284	99.8659	888,922	0.1341
Resolution 9 Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions	28,970,097	97.7703	660,672	2.2297

14.2 Based on the results of the poll, the Chairman declared the following 9 Ordinary Resolutions duly carried:

- (a) Resolution 1 - THAT the Directors' fees amounting to RM322,500 for the 18-month financial period ended 31 December 2021 be approved for payment to the Directors.
- (b) Resolution 2 - THAT the Directors' benefits of up to RM93,000 for the period commencing after the 38th AGM until the next annual general meeting of the Company be approved for payment to the Directors.
- (c) Resolution 3 - THAT Cik Zainab binti Dato' Hj. Mohamed who retired by rotation in accordance with Clause 110 of the Constitution of the Company be re-elected to the Board.
- (d) Resolution 4 - THAT Mr Liew Jee Min @ Chong Jee Min who retired by rotation in accordance with Clause 110 of the Constitution of the Company be re-elected to the Board.
- (e) Resolution 5 - THAT Mr Ooi Kim Lai who retired by rotation in accordance with Clause 110 of the Constitution of the Company be re-elected to the Board.
- (f) Resolution 6 - THAT the retiring Auditors, Messrs Grant Thornton Malaysia PLT, be re-appointed Auditors of the Company to hold office until the conclusion of the next annual general meeting of the Company and that the Directors be authorised to fix their remuneration.

(g) Resolution 7 - Retention of Independent Non-Executive Director

THAT Cik Zainab binti Dato' Hj. Mohamed who has served as an independent non-executive Director of the Company for a cumulative period of more than 9 years, be and is hereby retained as an independent non-executive Director of the Company.

(h) Resolution 8 - Authority to Directors to Issue and Allot Shares

THAT pursuant to Sections 75 and 76 of the Companies Act 2016 and subject to the approval of all relevant authorities being obtained, the Directors be and are hereby empowered to issue and allot shares in the Company at any time and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion deem fit, provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the total number of issued shares of the Company for the time being and that such authority shall continue to be in force until the conclusion of the next annual general meeting of the Company.

(i) Resolution 9 - Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions

THAT approval be and is hereby given for the renewal of the mandate for the Company and its subsidiaries (collectively, the "Group") to enter into recurrent related party transactions of a revenue or trading nature which are necessary for the Group's day-to-day operations as detailed in paragraph 3.3 and with those related parties as set out in paragraph 3.2 of the Circular to Shareholders of the Company dated 26 April 2022 ("Related Parties"), provided that such transactions are undertaken in the ordinary course of business and are on normal commercial terms which are consistent with the Group's usual business practices and policies, and on terms not more favourable to the Related Parties than those generally available to the public and are not to the detriment of the minority shareholders; and

THAT authority conferred by this ordinary resolution will only continue to be in force until:

- (i) the conclusion of the next annual general meeting of the Company at which time it will lapse, unless by a resolution passed at the meeting, the authority is renewed;
- (ii) the expiration of the period within which the next annual general meeting of the Company after that date is required to be held pursuant to Section 340(2) of the Companies Act 2016 (but must not extend to such extension as may be allowed pursuant to Section 340(4) of the Companies Act 2016); or
- (iii) revoked or varied by resolution passed by the Shareholders of the Company in general meeting,

whichever is the earlier; and

THAT the Directors of the Company be and are hereby authorised to complete and do all such acts and things to give effect to the transactions contemplated and/or authorised by this ordinary resolution.

15. TERMINATION

There being no other business, the Meeting ended at 11.30 am.

SIGNED AS A CORRECT RECORD

SIGNED

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CHAIRMAN

PARKSON HOLDINGS BERHAD
Registration No. 198201009470 (89194-P)
(Incorporated in Malaysia)

38th Annual General Meeting held on 25 May 2022

- Management's response to Minority Shareholders Watch Group's letter dated 27 April 2022

No. Questions	Parkson's Reply
<p><u>Operational & Financial Matters</u></p> <p>1. The external auditor has highlighted a material uncertainty that may cast significant doubt on the group's ability to continue as a going concern as the current liabilities of RM3,719.3 million as at 31 December 2021 exceeded the current assets of RM2,231.4 million by RM1,487.8 million. What are the immediate to mid-term measures being taken/to be taken by the Board to address the liquidity risk?</p>	<p>The Board had proactively taken the following measures to address the liquidity risk of the Group:</p> <p>i) New loan facility</p> <p>The net current liabilities of the Group as at 31 December 2021 of RM1,487.8 million comprised largely the syndicated bank loans denominated in the Hong Kong Dollar ("HK\$") of Parkson Retail Group Limited ("PRGL"), a 54.97% owned subsidiary of the Company, amounted to RM1,130.5 million ("Syndicated Bank Loans").</p> <p>PRGL had in December 2021, entered into a facility agreement with a syndicate of banks, as lenders, in relation to a syndicated term loan facility in an aggregate amount of up to HK\$2,700 million ("Loan Facility") for a term of 36 months commencing from the first drawdown date. The Loan Facility is to refinance the existing loans and for general corporate and working capital requirements of the PRGL Group.</p> <p>Further, PRGL had in January 2022, drawn down HK\$2,667.6 million (equivalent to approximately RM1,426.1 million) to fully settle the Syndicated Bank Loans and to supplement its operating cash flows.</p> <p>ii) Private placement</p> <p>The Company had on 2 March 2022, pursuant to the second tranche of the private placement, issued and allotted 30,000,000 new ordinary shares at RM0.165 per share for cash which had raised a net proceeds of RM4,950,000 for the Company's working capital after defraying the cost of private placement.</p>

No. Questions	Parkson's Reply
	<p>iii) Rental income from an investment property</p> <p>The investment property located in <i>Beijing Financial Street</i> is expected to contribute stable rental income and improve the operating cash flows of PRGL upon the hand over to the tenant in the first half of 2022.</p> <p>iv) Continuing support from lenders</p> <p>The Group had negotiated with lenders to extend the repayment date and the Group intends to adhere to the repayment date of the loan agreement.</p> <p>v) Improvement and rationalisation of business operations</p> <p>The Group will continue to focus on optimising store productivity and further implementing cost control measures to ride through the challenging operating environment besides continuing to diversify the income sources, establish online and offline sales channels, and promote long-term sustainable development of its businesses.</p>
<p>2. What were the justifications for the 6.9% increase, on a pro rata basis, in the salaries and bonuses of the Chairman and Managing Director from RM2.34 million in FY20 (for 12 months or RM0.195 million/month) to RM3.751 million in FY21 (for 18 months or RM0.2084 million/month) when</p> <p>i) The group was adversely hit by the Covid-19 pandemic;</p> <p>ii) There is a material uncertainty that may cast significant doubt on the group's ability to continue as a going concern, as highlighted by the external auditor;</p> <p>iii) The group had to implement cost rationalisation across the group; and</p>	<p>The Chairman and Managing Director of the Company received remuneration from the Company and its subsidiaries in Malaysia and China.</p> <p>The 6.9% increase, on a pro rata basis, in the salaries and bonuses, was mainly attributed to the strengthening of Renminbi which translated to a higher amount in Ringgit Malaysia.</p>

No. Questions	Parkson's Reply
<p>iv) The Commercial Court in Indonesia has commenced bankruptcy proceedings against PT Tozy, a wholly-owned subsidiary of Parkson Retail Asia Limited, which in turn a 67.96% owned subsidiary of Parkson Holdings Berhad, which resulted in Parkson exited the Indonesia market completely after losing control of PT Tozy?</p> <p>The salaries and bonuses of the Chairman and Managing Director for FY21, on a pro rata basis, were also higher than the amount of RM2.418 million in FY19 (for 12 months or RM0.2015 million/month), before the outbreak of Covid-19 pandemic.</p>	
<p>3. The resurgence of Covid-19 cases in recent weeks has caused lockdowns in parts of China. To what extent the surge in the Covid-19 cases and imposition of lockdowns in China have affected Parkson's operation in China, the largest revenue contributor to the group?</p>	<p>The recent wave of new variants of coronavirus in multiple provinces and cities in China, including Beijing and Shanghai, have affected shopper traffic and sales of Parkson China. About 20% of the Group's key retailing stores were affected following the implementation of stringent measures to curb the widespread of COVID-19 cases, including lockdowns, restrictions on movement and shuttered businesses.</p>
<p><u>Corporate Governance Matter</u></p> <p>4. The company departed from both Practice 1.3 of Malaysian Code on Corporate Governance 2021 which encourages the positions of Chairman and CEO to be held by different individual, and Practice 5.2 which encourages the adoption of at least half of the board comprises independent directors. Currently, the positions of Chairman and Managing Director of the company are held by the same individual. Furthermore, in the current Board which comprises five directors, there are only two independent directors, outnumbered by three non-independent directors, two of whom are executive directors and the remaining non-independent non-executive director who is also a director in other companies related to the Chairman and Managing Director of Parkson Holdings Berhad. How does this promote independence of the Board from the management and ensure better monitoring and oversight at the Board level?</p>	<p>In promoting balance of authority, increased accountability and greater capacity for independent decision-making, the Board acknowledged that roles and functions between the Chairman and the Managing Director ("MD") are to be distinct and separated with clear division of responsibilities and should be held by different individuals.</p> <p>However, given the knowledge and extensive involvement of the Chairman in the business deriving from his wealth of over 45 years of experience and industry goodwill, the roles and functions of the MD remain vested in the Chairman. Nevertheless, functionally and for all purposes and intent, the responsibilities of the MD are executed by delegated authority to the Executive Director and designated Senior Management to ensure that division and accountability in essence are separated. Further, all decisions on matters reserved for the Board are made after due deliberation by the Board and the Board Committees, where required.</p>

No. Questions	Parkson's Reply
	<p>The Board comprises 5 Directors, 3 of whom are non-executive. Represented on the Board are 2 Independent Directors, whose presence and participation provide independent advice, views and judgement to bear on the decision-making process of the Group in ensuring that a balanced and unbiased deliberation process is in place to safeguard the interests of all stakeholders. As and when a potential conflict of interests arises, it is mandatory practice for the Directors concerned to declare their interest and abstain from decision-making process. Further, the Board Charter reinforces the role of the Independent Directors in providing independent judgement, experience and objectivity without being subordinated to operational considerations. The Independent Directors help to ensure that the interests of all stakeholders are indeed taken into account by the Board and that the relevant issues are subjected to objective and impartial consideration by the Board.</p> <p>In the Board assessment, the Board evaluated the appropriateness of the dual roles of the Chairman and the MD being performed by the same individual and considered the departure from the Malaysian Code on Corporate Governance ("MCCG") recommended practice of separating the functions as appropriate under the present circumstances; and based on the outcome of the individual declarations carried out, the Board was satisfied with the level of independence of the Independent Directors and their ability to exercise independent judgement to act in the best interest of the Company. The Board will continue to review the composition of the Board and will endeavour to identify suitable candidates to fulfil the recommendation of the MCCG.</p>